

A Work Project, presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA School of Business and Economics

“How can FOX Networks Group become a
successful Live Events & Experiences player in Iberia?”

Marketing Strategy and Customer Service

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Note:

Due to the nature of this work, some contents are similar to the main thesis.

1. Marketing Strategy

To successfully develop a marketing strategy, it is crucial to determine prospective consumers (segmentation), choose which consumers to target (targeting) and create a value proposition for that target (positioning). (Gupta, 2014; Tybout & Grayson, 2010)

1.1 Segmentation

The first step, segmentation, involves finding potential consumers and turning them into homogenous subgroups. These subgroups may usually be distinguished through demographic characteristics, psychographic profile, attitudes and/or behavior patterns. However, segmentation is only useful when it is identifiable, substantial, accessible, stable, differentiable, and actionable. Only then is it possible to know who consumers are, what they do in terms of usage, loyalty and profitability and why they make certain decisions. (Tybout & Grayson, 2010). To do this, market research was conducted. Firstly, secondary research identified millennials (individuals in between 18 and 35 years old) as the generation who tends to invest more on Live Events and Experiences (LEE) (Forbes, 2016) and which is, as a result, responsible for boosting the experience economy (Eventbrite, 2016). Such characteristics were later on confirmed by the results of the primary research (qualitative and quantitative), which concluded millennials were truly the most attractive group. In fact, the in-depth interviews ran only included millennials while the survey was composed by 98% of them. All interviewees had recently attended several LEE, mostly alongside friends, and afterwards shared their opinions via word-of-mouth and/or posted photos on social media. Nonetheless, it became clear people's attitudes and choices concerning which events to attend differed exponentially. Why? Because such choices embodied their personalities: they were a reflection of their values, relationships and dreams. Through this conclusion, the market was segmented regarding millennials living in Iberia (demographic characteristics), personality traits (psychographic

profile), LEE preferences (attitudes) and social media use (behavior patterns). The result was composed of five different segments (Party Animals, Upper East Siders, Social Butterflies, Traditionalists and Wallflowers). The detailed description of each segment can be found on Table 4 of the main report.

1.2 Targeting

Targeting was the next step. To effectively choose the most profitable segments, it was necessary to address segment characteristics such as size, growth rate and profitability. Besides this, competition concerning intensity and competitors' strengths and resources was evaluated. Finally, company fit was assessed by taking into account FOX Networks Group's (FNG) objectives, competences and available resources. (Gupta, 2014) By assessing the attractiveness and FNG's capability to serve consumers in each segment, it became clear Traditionalists and Wallflowers were the less attractive segments: Traditionalists reflect interviewees who enjoyed most ideas but were more reluctant than others to spend money on them; Wallflowers were the small amount that simply did not identify with any of the events though they would still be willing to attend some of them. To reach these conclusions, segments were assessed from 1 to 5 according to the degree of expected profitability, reach, and responsiveness towards the business models (BMs) as presented on Exhibit 17 from the main report. Since FNG possesses three distinct BM capable of serving different segments, the three segments that generate the greatest revenue with the least investment were picked. (Tybout & Grayson, 2010). Party Animals were selected as the main target for FOX Fever: 'Family Guy' Edition, Upper East Siders for FOX 'Prison Break' Bar and Social Butterflies for FOX Crime Scene. These segments are more likely to maximize long-term profitability for FNG.

1.3 Positioning

Finally, it came the time to position the three BM. FNG's value proposition for the chosen segments accompanied by an action plan was thus developed through a competition based-positioning approach. In general, this is done by defining the target (frame of reference), the points of parity (POP) which are common to a certain service category, and the points of difference (POD) which are unique features capable of generating competitive advantage. Competition-based positioning hence highlights which service features are common to a certain category and, above all, which ones differentiates it from competitors in a superior way. This method is appropriate to build an initial position and allows the target to attain a basic understanding of how a brand relates to alternatives in the same category. This is exactly what FNG must do since it intends to establish itself in a new market. (Tybout & Sternthal, 2010). Thus, three perceptual maps for each BM were created to help find their value propositions, as seen on Exhibit 18 from the main report. First of all, **FOX Fever: 'Family Guy' Edition** distinguishes itself from competitors by mixing a *wide choice of party activities* with a strong *emotional bond* (PODs), through the use of a fan-loved series as the main theme. None of its competitors in Iberia can compete with its entertainment offer in the form of challenges, games and performances. The biggest competitor it faces is in terms of emotional bond, in which it is slightly surpassed by Revenge of the 90's in Portugal. This is due to the fact this party can use any well-known theme from a whole decade, hence enticing powerful feelings of nostalgia. Nonetheless, it cannot compete in quality nor in quantity of party activities. Regarding **FOX 'Prison Break' Bar**, it differentiates itself by combining a *wide choice of activities* in the form of shows and enigmas with a *fully-thematic* experience (PODs) capable of making attendees feel they are truly in prison. Competitors in Iberia are not on par with its offer on these characteristics, something which gives it a great competitive advantage. Lastly, **FOX Crime Scene** separates itself from the competition with the use of *high technology*, hence creating an

omni-channel experience through an app, mixed with *high interactivity* (PODs), both with actors and other players. Since this is a completely new concept, there is no other player in the market offering the same type of experience, which means FOX Crime Scene is on a league of its own when it comes to LEE. (Kotler & Keller, 2012) Consequently, the three BMs all have their own positioning statement since they each serve a precise target with distinct needs, as understood on Table 5 of the main report. To create those, it is necessary to understand how positioning works in retailing. A retail strategy pinpoints a target market, the retail format used to satisfy that target market's needs, and, lastly, the bases for building a sustainable competitive advantage which outperforms competitors. The target market includes segments towards which the retailer plans to focus its resources and retail mix. A retail format describes the nature of the retailer's operations — that is, its retail mix (type of merchandise and services offered, pricing policy, advertising/promotions, approach to store design and visual merchandising, typical locations, and customer service) — which is designed to satisfy the needs of its target market. A sustainable competitive advantage is a benefit over the competition that is not easily imitated and thus can be kept over a long period of time. There are several ways for firms to develop a sustainable competitive advantage: through customer loyalty, location, human resources management, distribution and information systems, unique merchandise, vendor relations, and customer service. (Lovelock & Wirtz, 2016) In what concerns **FOX Fever: 'Family Guy' Edition** and **FOX 'Prison Break' Bar**, sustainable competitive advantage is established through location, unique merchandise and customer service. Both have a value proposition deeply tied to location since the space chosen has a deep influence in getting people to attend the experience, they offer merchandise that cannot be found anywhere else and their customer service is first-rate. In **FOX Crime Scene's** case, sustainable competitive advantage is created through an unique merchandise, since it is a special experience with a matchless offer in the market, superb customer service, with high attention to detail so the game runs smoothly,

and dedicated human resources management since it requires managing a great number of people with different skills, from frontline employees to actors. (Lovelock & Wirtz, 2016)

2. Customer Service

Consequently, it is impossible to talk about sustainable competitive advantage without mentioning customer service. If a service meets or exceeds expectations, demand will grow and generate positive brand attitude capable of attracting new customers through word-of-mouth. (Levy, Weitz & Grewal, 2014) Thus, BM's attributes can only match target consumers' priorities through the delivery of a high-quality experience that cannot be easily replicated by competitors. This is achieved, firstly, by using themes associated with FOX series which are protected by copyrights and of the exclusive use of FNG. And, secondly, through excellent customer service. Hence, the "service model" must be top-notch in each component: the *offering*, *funding mechanism*, *consumer management system* and *employee management system*. (Frei, 2008)

2.1 Offering

Service excellence is achieved by deciding on certain areas to be great at, in the detriment of others, as to achieve first-rate service. Why? Because every service business has to deliver all components regardless of quality and thus requires trade-offs (refined by consumers' needs) which make some tasks ineffective for the final offer to excel. (Frei, 2008) Thus, and concerning the offering, **FOX Fever: 'Family Guy' Edition** compromises convenience in order to shine in ambiance. Location is kept secret until the end, something which prohibits people from making flexible plans. Also, choosing unique thematic locations might take attendees away from city centers. In such cases, bus transportation to the venue is provided for all that request it with no extra charge. **FOX 'Prison Break' Bar** compromises duration as to deliver a more

customized experience. Unlike regular bars, it restricts attendance time to deliver a personalized experience only attainable through a time slot reservation method. Finally, **FOX Crime Scene** compromises easy accessibility in order to excel in uniqueness. Since it is located in a remote space, it might be necessary to spend some time on itineration to attend it. Nonetheless, if placed downtown people would be distracted by sound pollution. This would not be positive as the experience it requires a great deal of focus. Likewise, it affects the realness of the game. If located in a smaller but more accessible place, it would be impossible to build an indoor realistic village.

2.2 Funding Mechanism

As a result, excellence comes at a cost. There must be a **funding mechanism** that FNG to outshine competitors in chosen attributes. This funding mechanism can take four forms: two are ways of having the consumer pay (charge the consumer in a palatable way and create a win-win between operational savings and value-added service), while two cover the cost of excellence with operational savings (spend now to save later and have the consumer do the work). (Frei, 2008) The three BMs are able to charge the consumer in a palatable way by funding the atmosphere through practicing a more premium ticket price. Consumers will be willing to pay such price because they recognize the quality and uniqueness of the offer. Besides this, BMs will have consumers do the work. All tickets are bought through self-service online through an intuitive and visually appealing website with three languages available (Portuguese, Spanish and English). If the goal is service excellence, you must create a situation in which consumer prefer the do-it-yourself option over a full-service alternative. In this case, self-service is better because the alternative is to spend time going to a physical store (Fnac, for example) and deal with queues. This procedure is much faster, efficient and flexible online: tickets can be bought through MBWAY, credit and debit card (on-site, cards and cash are

accepted). Thus, people can buy tickets anywhere they please and the buying process is never compromised by salespeople's moods. This not only increases consumer satisfaction and service quality but also lowers costs by eliminating nonvalue-adding steps, creating a win-win between operational savings and value-added service.

2.3 Customer Management System

Consumer's involvement in operational processes and how their views influence their experiences and other consumers' cannot be ignored. Hence, consumer management system must be reliable and address a few points: which consumers are the focus, which behaviors are wanted from them, and which techniques will successfully impact their behavior. (Frei, 2012) Since the BMs will be mostly attended by millennials, some strategies should keep them content so they do not ruin the experience for anyone. As a result, since there are multiple activities happening at **FOX Fever: 'Family Guy' Edition**, it was decided consumers should take a number if they chose to experience them. This saves them the need to stand in queue since they know they are going to be called in sequence. Also, and because "unknown waits are perceived as taking longer than known finite waits", "unoccupied time feels longer than occupied time" and "solo waits feel longer than group waits" (Lovelock & Wirtz, 2016), this method makes the waiting time go by much more smoothly by allowing people to enjoy the party with their friends in the meantime. In addition, people can be entertained by seeing the contests/games on stage and party hosts will keep the spirits up by distributing stickers throughout the party. **FOX 'Prison Break' Bar**, on the other hand, must ensure purchases of time slots to deliver excellent customer service and mold consumer's actions while at the bar. When buying the tickets online, consumers have access to the dates and respective time slots which are available for booking. This strategy avoids consumer dissatisfaction due to excessive waits because consumers are guaranteed service at a specific time. Such slots are also necessary so everyone can enjoy the

experience to the fullest. Finally, consumer service is king in **FOX Crime Scene**. There is a supervisor for each team that provides personalized service. When arriving on site, consumers are organized into teams and the supervisor gives them a folder with all the necessary information about the crime. He/she then answers all the questions from the team, always with a friendly attitude and while keeping eye contact. During the game itself, consumers have access to a help button on the app that allows them to call the supervisor. If people get hungry (a state which directly influences their mood), vending machines can be found throughout the venue. (Lovelock & Wirtz, 2016)

2.4 Employee Management System

Recruiting, training, job design and performance management are crucial aspects of employee management system. Employees should have a problem solving attitude and be capable of answering any question. In fact, frontline employees may perform triple roles (please consumers, ensure productivity, originate sales) which, when combined, could lead to conflict and stress. Still, they are expected to have a pleasant disposition towards consumers. (Lovelock & Wirtz, 2016) To address this issue, employee management system is vital. Although personnel works for the partner company in charge of handling each BM, service standards shall still be defined and regularly monitored. Thus, manager partners must ask themselves what makes employees reasonably *able* and *motivated* to achieve excellence. (Frei, 2008) Firstly, when it comes to *abilities*, applicants should have access to a realistic job preview during recruitment. This ensures only candidates with the best fit apply, saving time for recruiters. Later, mandatory training, specific to each role, should be provided before the job starts (and again whenever necessary). In addition, managers should communicate actively in a well-thought manner so employees are aware of how the whole service functions. Regarding **FOX Fever: 'Family Guy' Edition**, though most activities are standardized, interaction is

enhanced when hosts invite attendees to participate in games on stage. In **FOX ‘Prison Break’ Bar**, staff provides customized suggestions for beverages/activities whenever possible. Concerning **FOX Crime Scene**, a supervisor should be in charge of each team and be responsible for getting feedback from it in order to improve service performance. If they wish to, consumers should be able to complain via a complaints book (ticket money might be refunded). Secondly, about *motivation*, emotional commitment to organizational culture, purpose and strategy is essential. For this to happen, core values such as commitment, responsiveness, team spirit, mutual respect, honesty, and integrity must be actively addressed by partners. In this sense, it is helpful to develop a rewarding system according to employees’ performance and upon meeting previously set goals. Likewise, it is essential to empower employees to help customers the best way they find suitable without having to wait for upper orders. This gives them autonomy and confidence. Regarding FOX Crime Scene, in particular, it is vital to keep track of actors’ instrumental and emotional needs as to develop motivation strategies to improve performance. (Lovelock & Wirtz, 2016)

2.5 Fit

Finally, these four components all fit together in a fully integrated cohesive process. (Frei, 2008) This process is the sequence and manner in which service operating systems work and how they link together to produce the value proposition pledged to consumers. Hence, flowcharting (shows the nature and sequence of the steps that make up the delivery of a service) and blueprinting (explains how the service process should be, contains what is visible to consumers, and identifies where fail points and excessive wait lines might occur) are helpful tools to document processes. (Lovelock & Wirtz, 2016) Two flowcharts (one depicting buying a ticket and another depicting attending the event) along with one blueprint (which maps all front and back office activities) were drawn for each BM. In general, the process of buying

tickets is effective while front and back offices are reliable in case of failure and able to avoid time inefficiency.

2.6 Customer Evaluation of Customer Service

Every service is held accountable to customer evaluation. In fact, service quality is profoundly tied to how consumers perceive it. Customer evaluation is only positive if the service delivered meets or exceeds expectations. There are several customer service features which directly impact customers' view on service quality: *reliability* means providing the promised service dependably and accurately; *empathy* involves being caring and giving individualized attention provided to customers; *assurance* is the knowledge and courtesy of employees and their ability to convey trust and confidence; *responsiveness* is the willingness to help customers and provide prompt service; *tangibility* is the appearance of physical facilities, equipment, personnel, and communication materials. (Levy, Weitz & Grewal, 2014) The three BM were evaluated according to these five features, as seen on Table 7 of the main report. Additionally, service gaps take place if customer's perception of the service delivered fails to meet their expectations. There are several types of service gaps: *knowledge gap* is the difference between customers' expectations and retailers' perception of those expectations; *standards gap* is the difference between retailers' service standards and the actual service it provides to customers; *delivery gap* is the difference between retailers' service standards and the actual service provided; *communication gap* is the difference between the service provided and the service promotion program promises. Consequently, it is necessary to implement actions capable of addressing and solving each potential gap in the best possible way, as presented on Table 8 of the main report (Levy, Weitz & Grewal, 2014)

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